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Bruno Musti de Gennaro

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International Agriculture and Italy in 1973

by Bruno Musti de Gennaro

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The international economic world, already severely shaken by a general wave of inflation in the capitalist countries and by monetary vicissitudes, has now discovered in agriculture another source of anxiety.

Shortages of certain fundamentally important food products, price rises for nearly all types of food, and the attempt made by some of the more fortunate developing country producers to regain control over various commodities and basic substances essential to agriculture: throughout 1973, these developments were the dominating features in the agricultural sector also, and brought a complete change of appearance to a system which had remained extremely stable over the past two decades, triggering off certain phenomena which it will not prove easy to control. What has happened can be outlined briefly as follows.

Within the logic of a market dominated by the developed countries, both in their function of traditional food producers and commodity buyers, a development model was formulated which proposed the realization of economic take-off in the less-developed countries by means of investment in industry or tourism. Agriculture, considered much less productive than industry, was given only limited attention. Moreover, the existence of large surpluses — of wheat, for instance — in the developed countries, had the effect of inducing the developing countries to buy on these markets, due to the excellent conditions that were offered: low prices as a result of "dumping", or aid in the form of large quantities of foodstuffs. Various negative results followed, amongst a very uneven economic development (if any), the need for ever-increasing food purchases owing to population growth and a related deteriora-

This article is a shortened version of the chapter on agricultural policy in the Yearbook *L'Italia nella politica internazionale: 1973-74*. Bruno Musti de Gennaro did research for the IAI until 1974 on Italian and international agricultural problems. The translation is by Harriet Musti de Gennaro.

tion in the balance of payments position, but, above all, the impossibility or the failure in less-developed countries of investments aimed at increasing the production of foodstuffs also cultivated in the northern parts of the world and competing with theirs. Dumping and the trade aggression of the international market, backed by great economic strength, eliminated or weakened any possible competition. Even food products favoured by a tropical climate and produced for many years in developing countries, such as sugar, ran up against a wall consisting of tariff barriers erected by the developed countries and of their surplus products dumped on the international market. In this respect, the accusation levelled by the USA against the EEC could be extended to the developed world as a whole — of having “destroyed the potential market for other producers who could have maintained their exports on a basis of greater continuity and security”.

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The concentration of some of the basic foodstuffs in the temperate zone — especially if taken in relation to the demographic growth rate — has increased; and this in turn has increased its share of world agricultural trade, which by 1972 totalled 60% of the whole.

However, as pointed out by the World Bank in its annual review, *Trends in Developing Countries*, during the decade 1960-70 the developing countries have seen their share of global exports dwindle from 21% to 17%. In 1972, this tendency was again confirmed by the FAO, which in fact noted a further slight decrease to the detriment of the developing countries. Over the same period, the total value of agricultural trade increased by 15% (7%, if one takes into account that prices have increased by almost 8%), but, whereas the developed countries earned 19% more (equivalent to 4 billion dollars), the developing countries earned only 12% more (1.7 billion dollars); allowing, of course, for all the exceptions due to the type of products imported or exported.

At this point, a series of situations and trends, existing contemporaneously all piled up together. There were several consecutive bad harvests; countries which had previously been outside the international system (USSR, China), or who had even been exporter countries (Argentina), entered the field as importers; monetary fluctuation and inflation caused stockpiling in certain countries who were by tradition big suppliers (all this applies, for instance, to cereals), and thus a shortage situation was upon us, at least as far as certain products were concerned (the US agriculture minister, Butz, has predicted a scarcity of wheat up till 1975). While this situation has hit the poorer buyers hard, it has also re-inforced the position of the present producer countries who can bring new land under cultivation within a short space of time (in the US there is talk of an increase for 1974 which will cover the equivalent of the entire Italian agricultural area), while at the same time introducing new improvements to production. Thus they are ready

to regain their hold over the international scene.

There would seem to be two ways out of further cyclical crises. One is based on forms of self-reliant development for the developing countries, in which, with all the wider implications of such a system, high priority would be given to the agricultural problem, and benefits could be expected from aid schemes such as the one proposed by Denmark within the EEC — aid for development projects concerning local production. The other solution is based on controlling the international markets for each product, by means of minimum and maximum prices and reserve stocks. The danger here, however, is of getting a market exactly of the type proposed by the Italian Agriculture Minister, Ferrarri Aggradi, during the Biennial FAO conference, that is, with all the machinery for control and action in the hands of the economically more advanced countries, such as the USA and the EEC, and therefore once again sanctioning the dependence of the "south" on the "north" of the world.

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Agreements on Individual Products

These agreements and their many vicissitudes have a rather turbulent and difficult history. Concerning the cocoa agreement, the unhappy events of 1972 will be remembered, resulting from the non-participation of the USA. Similarly, as a result of a disagreement with the USA, the coffee agreement also failed, the producer countries having decided that, after all, a common policy of limiting exports was all that was needed to protect their interests. The three chief exporters (Brazil, Columbia, Ivory Coast) also reached an agreement among themselves on the establishment of a joint multinational trade organization with headquarters in London. (Some progress was, however, made while UNCTAD has proposed that fruit and vegetables (fresh or processed) should also be considered for inclusion).

The last of these failures (not always a bad thing for the producers, as we saw in the case of coffee), concerns sugar. The International Sugar Agreement was scheduled to expire at the end of 1973. It had never worked very satisfactorily due to the non-participation of certain important parts of the developed and developing worlds. On the occasion of the renewal of the Agreement, the EEC had been invited to join and the Commission had pronounced itself in favour of participation. The complications arising from the fact that the Community of Six was a net exporter then seemed negligible since, due to the enlargement of the EEC, it had become a net importer, even though only by a narrow margin.

The Commission no longer considered it impossible to give guarantees to the ISA involving exports of 600,000 tons per year, starting from 1976. All this, naturally, was to be negotiated during the session for

renewal of the agreement to be held in September. The EEC was to be allowed to contract for imports of 1,345 million tons from ex-members of the Commonwealth Sugar Agreement, plus 55,000 tons from the Associated African and Malagasy States (AAMS) associated to the EEC, while undertaking not to export more than 800,000 tons. In order to do this, a new internal organization was suggested for the EEC, with guaranteed differentiated prices and quotas assigned to individual enterprises — and not to the member states, as before. The mechanism was to have worked in such a way as to keep production at 9.2 million tons, as againsts the 9.6-10 million tons consumption requirement: the remainder was to be made up by importing, as explained above. Within this framework, changes were also to be made to the concession whereby the Italian price had been fixed at a level 23 lire higher than the EEC standard price in order to finance the modernization of the national sugar industry. It was therefore suggested that the "Cassa Conguaglio Zucchero" (sugar subsidy fund) should be wound up — this body being, according to Brussels, partly responsible for the scandals which came to light in 1972.

The reaction on the part of the EEC Ministers to these proposals was negative, with the exception of Holland. French opposition was particularly violent. The Minister, Chirac, spoke in terms of a world situation of shortage and therefore of useless "Malthusianism" (the shortage was actually a real one, so much so that the Commission had to impose export taxes in order to avoid the risk of failing to get sugar onto the Italian market, where the price was fixed and not competitive with the world price). But the Italian response was equally brusque. "Italy", said the Minister for Agriculture, "could not agree to a reduction of the quota it benefits from under the present EEC sugar policy, even if it might possibly consider an undertaking not to increase substantially its own sugar production. On the other hand, the Italian Government considers a decision in favour of restructuring the Community mechanisms to be premature, since the basic EEC sugar agreement expires only on the 30th June 1975". He thus appeared to be unaware that the International Sugar Agreement had to be concluded by the end of the year, to come into effect perhaps later on; or else he was banking precisely on the failure of the agreement, so that there would be no change, at least for the present, in the Italian situation, Cassa Conguaglio Zucchero included.

The Commission therefore went to the negotiations without any mandate whatsoever and after their disappointing outcome did not even manage to obtain observer status, pending new talks, for the little that was left of the ISA — its administrative organs.

Given these precedents, it would not seem to be easy to create the sort of organization of the world market propounded by a large

number of the developed countries and in any case, we repeat, this does not appear to be the solution to the real problems of development.

The EEC's External Relations

The disagreement between the two sides of the Atlantic, of which we have seen some examples, continued unabated and heatedly throughout the whole year, throwing more light on American strategy in the agricultural sector.

The rise in world prices was welcomed, and probably encouraged, by the Americans, both because it strengthened their position as exporters and enlarged their production possibilities (thus enabling them to straighten out their balance of payments), and also because the government, taking quick action, decided to demolish the domestic price policy. In this way the Americans appeared in a stronger position at the talks with their European counterparts in maintaining that "the international trade community should commit itself to finding a trade system for agricultural products geared to the laws of the market" which meant that "the various instruments of national agricultural policies which distort production structures and disrupt world trade must be brought under an international discipline"¹. This would in fact be easier to do in the present situation, they maintain — and a report by Nixon's adviser on economic problems, Flanigan, confirms this — than at a time of large, chronic surpluses, such as the Sixties, when it would have been far more difficult for the developed world to do away with all the trappings of indirect support to farmers' incomes and to substitute them possibly with direct subsidies for those who most needed it.

For the moment, however, the Europeans do not seem to intend to lower their guard. The talks, or rather clashes, with the USA in the GATT, OECD and outside these organizations, bear this out. On the contrary, the turbulence of the market, due perhaps to an excessive upswing in prices (not foreseen by the USA) and the worsening of shortages, have had the effect of strengthening the argument of those who see in the present agriculture policy something firm to hold on to in the general state of world-wide instability.

In anticipation of the forthcoming GATT negotiations (the so-called Nixon Round), various meetings were held where the interested parties aired their views. One such occasion was the review of general agricultural problems held by the OECD (European Organization of Commerce and Development) in April. There was a confrontation between the "free trade" North American viewpoint and the "organizational" position of the EEC. In the words of the Canadian Wheland, in line

¹ Petrow, U. S. Minister for economic and trade affairs, in an interview with "Le Figaro", March 1973.

with the USA, they are waiting for the "forthcoming multilateral discussions during which we hope to make progress towards the liberalization of agricultural trade. The Canadian government no longer intends to subsidize agricultural products in order to facilitate exports, nor to close up the country in its shell and erect customs and trade barriers". In his reply the Belgian, Lavens (then interim president of the EEC Council of Ministers), admitted that "the price system has its faults, but not many more than other systems; it contains a stabilizing element which counters any hasty and unconsidered increase of prices and therefore also the tendency to inflation". One way of reaching a compromise, he added, might be through international agreements on individual products. Italy, for her part — said the Minister of Agriculture, Natali, thinks that "the numerous and complex problems arising from the development requirements of the various agricultural systems, in a context of international collaboration and intensification of trade relations, should be approached with a united vision in order to find their solution in the principles of national planning which, within a general equilibrium, should aim at appropriate methods of utilizing natural resources also by means of an adjustment of the productive structures".

In the case of agreements per product — as later reaffirmed also by Arthur Hoffman, US permanent representative to the EEC, doubts persist as to their feasibility. However, the USA is awaiting proposals from the EEC. At any rate, said William Casey, Undersecretary for economic affairs, there will have to be concessions in the agricultural field and anyway — according to Butz, "if the Community does not open her market more to American farm products, the US will close her industrial market to Europe". The reply from Europe has remained that given by Lardinois in April: "the EEC is not prepared to allow the dismantling of the basis of her agricultural policy".

With such preliminaries as these, it is no surprise if at the end of October no agreement was reached at the GATT committee meeting on the multilateral trade negotiations — even at the "statistics and analysis" stage. The bone of contention was whether the agriculture subcommittee should deal strictly with agricultural matters (EEC position), or with aspects which could be dealt with by other subcommittees as well, such as tariff or paratariff problems (the American position). Everything was thus postponed until the following year, but this was also due to the fact that the American President was not granted the special powers for negotiation which he requested.

The subjects on which the EEC and the USA differed also extended to other aspects; the EEC compensations to countries adversely affected as a result of the enlargement of the Community, the talks on fiscal problems, the review of the preferential agreements between the EEC and the EFTA countries, the EEC system of minimum prices for

processed fruit and vegetables, the American import restrictions on chocolate products. However, the biggest issue was a warning from the USA of their ability to damage Europe whenever they may decide to do so. Soybeans was the product chosen for giving this warning signal. The USA is the chief world producer and exporter (respectively 35 million and 14.5 million tons) of this cereal which is widely used as an animal fodder, thanks to its high protein content, which is three times that of wheat. The EEC annually imports about 7 million tons of soybeans and soya by-products, at a cost of about 1,000 million dollars. Due to its low cost and the ease with which supplies may be obtained on the US market, from where it can be imported tax-free, it has become the main feed for European livestock farming, totalling 70% of the demand; only 4.3% of the total requirement is produced in the EEC.

On the 27th June, in the middle of the uproar over wheat, the USA suddenly decided to completely shut off all exports of soybeans and by-products, with the justification of a bad harvest and a drop in reserve stocks. Immediately, the world price doubled and then tripled, and all the other animal fodder cereals went up together with soya. On the 2nd July, the USA Government lifted the embargo, substituting an order to reduce exports by supplying only 50% of the amounts already contracted for.

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This move threw the Europeans into confusion and many of the most important figures such as Lardinois, Chirac and Ferrari Aggradi went to Washington for talks. At the end of July, Lardinois returned with the promise that all restrictive measures would be relaxed by the middle of September, in view of the fact, said the USA, that the next harvest is estimated to yield an increase of 24%. Ferrari Aggradi, too, on his return to Rome on the 8th August, made an announcement claiming success, for "we have obtained all we hoped for, that is, the contracts already agreed on will be honoured in full, trade relations will return to normal as from the 1st October, and we have an undertaking that for the next twelve months animal fodder will be supplied in at least equal quantities to those of last year". In the communiqué issued by the Ministry of Agriculture some time later (11th November) the Italian representative allowed himself to go even further, stating that "it was as a result of those talks that the restrictive measures were done away with and the price of soybeans and animal fodder could gradually return to the previous levels".

Within the EEC the American move also had another effect: France requested an embargo on the export of oil seeds and the inclusion of soybeans in the normal market organization (with all the consequences of price guarantees and customs barriers). The Council of Ministers took immediate action only on imposing stricter controls on fodder exports, but at the end of November the Commission began to consider the idea of offering some kind of produce of the type already planned

for other oil seeds production within the EEC, in order to encourage the increase of domestic soya production. This would not be more than 100,000 tons in 1977-78, but undoubtedly the result is a partial setback for America's unwillingness to see other production networks starting up in the CAP (Common Agricultural Policy).

To conclude, the USA is unlikely to regain real credibility as a reliable supplier in future, despite Butz's promise at the biennial FAO conference that "we will not resort to similar expedients again, also because we feel that there is no longer any need to do so".

EEC Policy on Mediterranean and Developing Countries

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After it was decided in 1972 that the Mediterranean basin merited special attention, this has become one of the main areas of interest to the Community. Nevertheless, the negotiations with Mediterranean countries are making less headway than was expected and have run into difficulties to which agricultural problems are not extraneous. It was hoped to reach agreement by the end of the year with the five high priority countries (the Maghreb trio, Israel and Spain), but difficulties of a general nature (the Middle East war and oil) with the first four countries and specific problems with Spain, together with the objections made to the EEC's negotiation platform — considered to be too narrow and restrictive by all these countries — held up any real progress.

On the other hand, the various EEC countries themselves managed to reach a common viewpoint on the question only at the end of June, after long argument, especially over the agricultural aspects. Italy and France were in agreement on the limitation of concessions for fresh and processed fruit and vegetables and wine — in other words, products most sensitive to Mediterranean competition. As a countermove to the Commission's proposals, Italy presented a memorandum which effectively explained her position. The basic argument was: moderate concessions, yes, but in return for "compensatory measures" for the farmers affected by the lifting of the customs barriers. Thus it was decided to allow the following: a 75% reduction of the customs tariff for wine (but no imports of wine for blending with EEC products); a reduction of the external tariffs for fruit and vegetables, but only during the periods of insufficient domestic supply; a degree of customs exemption for tomato conserves, but with certain provisos such as fixing a minimum price and forms of "self-limitation" of exports from non-EEC countries. The compensations obtained in return by Italy concerned the permanent concession, and increase in the value of subsidies for citrus fruit marketed in the EEC. Moreover, Italy reserved the right to block the conclusion of the agreements with Spain and Morocco, once a line of action had been decided on, if by that time there had been no

solution of certain outstanding problems — limitation of the export of unprocessed olive oil from Spain (this question was in fact settled at the end of the year) and fishing rights for Italian shipping off the Moroccan coast.

Italian reaction to the agreement on the EEC proposals made to the five Mediterranean countries was somewhat alarmed, for according to the Agriculture confederation, the correct degree of Community preference "does not seem to be guaranteed by the proposals". In Parliament, two Senators (Filetto and La Russa of the MSI-National Right) even went so far as to ask "what provisions the Italian government intends to make in order to reverse the preferential concessions agreed in favour of North Africa, Spain and Israel for exports of their citrus fruit, vegetables and agricultural produce in general".

The first meetings with the "five", then, did not produce the hoped-for results, so the Commission suggested improving the EEC proposals in various fields. The delays in discussing these meant that by the end of the year no progress had been made, and it thus became necessary once again to extend the temporary régime for exports from Morocco, Tunisia, Spain and Israel to the United Kingdom and Denmark, this being a provisional arrangement made when the EEC was enlarged.

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Another big negotiation was undertaken with the associated developing countries (AAMS) and those wishing to associate with the EEC. However, this also dragged on and at the end of the year, after a general opening session and several successive meetings, both the EEC representatives and those of the countries interested in a possible agreement (African states and states of the Caribbean and Pacific groups) admitted that things were going too slowly.

On various occasions agricultural problems were touched on during the negotiations, but without going into the implications in depth. The associate members and the aspirant associate states moreover requested that, where agricultural products subject to common EEC control and protection were concerned, free access should be given to imports of these same products from the developing countries, and that moreover the EEC should undertake to import their products in large quantities — especially sugar and tobacco.

As regards the AAMS in particular, in the meantime a settlement was reached over the disagreement about duty-free imports of fruit and vegetable products. Of the two alternative suggestions advanced by Jean Rey (acting as intermediary) in his report, the Council accepted the Italian request for seasonal limitations restricting imports to the "off-season" for local production. The other option — re-establishing completely duty-free imports, but with safeguard clauses — was therefore dropped.

Lastly, it should be mentioned that apart from the various improve-

ments on association and trade treaties, two new trade agreements have been drawn up. One was with India, while the other, more complicated because of problems over cocoa butter and instant coffee, was concluded with Brazil.

Prices and Structures: A Step Backwards

Problems connected with the prices policy and the structures policy persisted in traditional guise: increases for the former, inertia for the latter. Or rather, on closer inspection, there has actually been a backsliding to certain attitudes which had seemed to be falling into disuse. The prices policy has once again got the upper hand over action on the structural level, even though the EEC and the national authorities responsible talk of correct balance between the two aspects of the CAP.

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In fact, at the EEC level, after the price increases in May the previously-announced reform of the CAP — later more modestly re-defined as an "adjustment" — was, thanks to the rise in world prices, reduced within the Lardinois plan of September merely to a modification of price relations. Contrariwise, practically nothing more was heard of the idea of direct incomes subsidies to agricultural producers (an idea which had been repropounded on two occasions in the Commission), while complementary structural action, such as the hill farming policy, had to make do with a definition of principle.

In Italy, the rise in domestic prices to counteract stronger foreign competition, due largely to the devaluation of the lire, corresponded to and went together with a further failure to carry out the EEC directives on structures. This is precisely the interpretation to be put on the remark of the Agriculture Minister, Natali, according to whom "the Italian Government ... maintains, together with the EEC executive, that the emphasis placed on incomes subsidies and structural measures does not mean that no purpose is served by the prices policy, which retains an important place in the application of the CAP, seen as a coherent whole". "Important", that is, in as much as "despite recurrent criticism of the common price system, it has guaranteed not only freedom of movement in agricultural products throughout the Community, but sufficient income for the farmer". This point of view was not denied by his successor, Ferrari Aggradi, who, despite several statements — very decisive ones, too — in favour of a vigorous structural policy, was directly responsible for the request to put up domestic prices.

This sort of political stance moreover fully reflects that of the Coldiretti president, Bonomi, and the Confagricoltura. In the words of the former, "the Community cannot be blamed either for the desertion of agriculture, nor for the delay in redistributing agricultural incomes.

No one is denying the need for reform, especially with a view to the so-called adjustment between production and consumption, but this involves a close study of the many problems of production, trade and consumption, which cannot be solved simply off the cuff. The same goes for the structural policy. It must run its course, which will certainly be a long and difficult one, before it can produce effective results where the increase of producers' incomes is concerned".

In the meanwhile, one may still continue to report parliamentary questions (Senator Tortora and others of the PCI) pointing out that "in 1972 there was a decrease in agricultural production, as compared with 1971, estimated on an average of about 2-2.5%", in order to prove yet once more the inevitable outcome of the policy which is being adopted.

To come to the facts, we will take, in the following order: the negotiations on price levels for 1973-74, the reform of the agriculture policy and structures.

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The Price Increases

The review of prices represented, as always, an occasion on which to bring up other matters. In this instance, they were a return to the unity of the integrated farm market, badly shaken by the monetary events, and action in support of hill farming. The connexion between prices and market unity was championed particularly by France and opposed by Germany, while the hill farming policy was supported by Italy and France.

To take the first problem, after long argument, made more difficult by the fact that the Council is by now composed of nine, and not merely six Ministers, the "victory" went to Germany. In fact, instead of differentiated price increases, geared to the rise or fall of the national currencies in relation to the unity of account (smaller increases for countries who revaluated their currencies, and vice versa), the decision went in favour of a price which was in fact the same for everybody. The 1% more or less which was stipulated served only as a sop to France. The result therefore could correctly be called a break-up of the Paris-Bonn axis, with repercussions of a general kind on European politics.

Passing to the second subject, a statement of principle was reached, followed by other laborious developments to which we will refer later on.

Taking the prices problem in detail, the main battle was waged within the Commission. Spinelli, this time supported by his English colleagues and, in part, also by the Danish member, repropounded an approach similar to the one put forward last year; no price increases,

apart from an extra 8-9% for beef, but in their place, direct support for agricultural incomes, based on the size of the farm, with a maximum of 15-20 hectares. The aim is to ensure a greater flexibility of the common prices system, and assistance only to those farmers in greatest need. This proposal was turned down yet once more, but the fact that it is nevertheless supported by other European bodies was borne out by the refusal of the European Parliament to give its blessing to the continual price increases. This was considered by the Alleanza Contadini (farmers' league) a fact of "exceptional importance" in that it "represents a sensational defeat for the ten-year plan which was endorsed at EEC level also by the Coldiretti, the Confagricoltura and the Federconsorzi belonging to the COPA" (Committee of Agricultural Trade Associations). However, since the European Parliament has only advisory powers, the price increases went ahead just the same in all sectors, ranging from 1% for cereals to 10% for beef and olive oil.

For the first time, nevertheless — and despite the opposition of Italy into the bargain — there was also a price drop. The guaranteed butter price was cut by 5.5%, but even this was not enough to reduce surpluses or to slow down overproduction. In July, the Commission requested a budget supplement of 880 million u.c. for the EAGGF and earmarked another 647 million for dairy products, whose subsidization reached a cost of 1.4 million u.c.

Measures which concerned Italy in particular were the decision to end the facilities for maize imports from third countries (the USA especially) in five years' time, and to continue to subsidize colza seed processed in Italy.

The "Adjustments" to the CAP

Shortages and production problems which worsened during the course of the year, did not facilitate a re-thinking of the Common Agricultural Policy but instead re-inforced the "recessive" tendency to which we referred. The views of those who never had a real desire to fundamentally revise in depth the workings of the EEC agriculture policy therefore became even more entrenched.

This attitude found a new echo in the Commission, where Lardinois and his "plan" were given free rein after the defeat of Spinelli's persistent "Fronde". From the plan it appears that Lardinois kept to the assurances given to the COPA and reiterated on various occasions that there was to be a simple review of the CAP which would not impair either its principles or workings. This was because, according to this agricultural authority, "if Europe were to abandon its present policy, it would become even more dependent on imports of cereals and protein foods, and recent developments have shown the dangers for

consumers in a growing dependence on overseas countries in this sector". Equally in favour of an extremely limited reading of the "adjustment" was the Hon. Vetrone, vice-president of the Coldiretti. Initially, together with his other European colleagues, he voted against the amendment to a resolution calling for "proposals for radical changes in the present Common Agricultural Policy"; subsequently, he accepted it only when the word "radical" was expunged. His comment was "the amendment demonstrates, as I have always maintained, that the EEC is threatened both from within and without".

Despite the fact that the Lardinois proposals were extremely limited in scope — although, according to the Commission, even so they would cut the cost of subsidies by about 1,000 million u.c. — both the agricultural associations belonging to the COPA and almost all the agriculture Ministers divined in this plan the dangers of a "reformist masochism". This is a fairly understandable reaction in the representatives of countries such as Holland and France, affected — even if very slightly — by these proposals, but much less comprehensible in the Italian representative. In fact, it is unclear whether Ferrari Aggradi considered the Lardinois proposals "disappointing ... incomplete ... and partial" because "alongside Continental agriculture there exists another, Mediterranean agriculture" and therefore it was necessary to put up the prices of Mediterranean products, or whether the unwillingness to set up a more flexible prices system, inasmuch as it affects support for incomes in other ways, was the real object of his accusation about "looking at agricultural problems from a Dutch, rather than a European, point of view". Actually the first reason would seem the most probable, seeing that on another occasion — to which we will refer later on — the Minister appeared to be extremely convinced of the effectiveness of intervention through price control and that he announced, after a visit to London, that "this revision does not mean that Italy must repudiate a policy which she herself responsibly contributed to create".

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Lardinois' reply to the ministerial criticism was that "certain Ministers are only concerned about their own personal interests" and that probably the views expressed did not really represent those of their Governments.

The proposals, therefore, remained at the discussion stage and the Commission promised to clarify its position with a few directives at the beginning of 1974, in anticipation of the usual prices marathon.

The Structures Policy

Not even 1973, and thus not even the emergence of more and more alarming data and forecasts and the fact of being faced with an

obvious production crisis, could galvanize the EEC into life sufficiently for it to create a coherent medium- or long-term policy, in other words, a structural policy.

In Italy, the implementation of the three EEC directives² issued in March 1972 as a result of the Mansholt Memorandum of 1968, remained practically speaking, non-existent. On the EEC level, the measures concerning structural reforms already approved were being dealt with exasperatingly slowly. The policy on hill farming was outlined only at the end of the year, while the regional policy ran aground as a result of disagreements between the EEC partners.

All this continued while various studies, amongst which was the EEC report on the evolution of agricultural incomes which appeared in March, demonstrate how the agricultural policy followed up to now has been unable to appreciably narrow the gap between agricultural incomes and incomes in other sectors, or the disparity between the agricultural incomes of the different member states (the Italian farmer has an average income of 1.4 million lire a year, as against the Dutch farmer's 3.4 million). Nor can it close the gap between the various regions of the same country, let alone resolve the problem — always unwillingly faced — of the disparity in income between large-scale farmers and peasant farmers.

During the course of the year, two governments (under Andreotti and Rumor) were confronted with this state of affairs, and two Ministers of Agriculture, Natali and Ferrari Aggradi; however, none of these would appear to have tackled it particularly effectively.

To return to the subject of structures, we recall that 1972 ended without the Andreotti government's having managed (despite its many promises) to bring before Parliament the bill on the implementation of the three EEC directives. Matters did not improve even with the start of 1973. The Minister, Natali, gave an assurance on the 8th January, during a special press conference, that the governmental bill would be forthcoming in sufficient time for it to be approved by the 1st April. Nevertheless, only after further pre-announcements, and as a result of pressure from a variety of different sources did the Minister finally announce in Parliament that the government was about to submit the Italian bill to the European Commission, which, according to the procedure, had to give its prior opinion. The bill was however actually submitted at the beginning of April, almost at the end of the time limit within which the national legislation for implementation of the directives was supposed to be in force already, that is, the 19th April.

Considering the fact that he himself had delayed a year before

² Directive on the subsidies for modernisation of agricultural enterprises; directive on early retirement; directive on socio-economic information and qualification.

taking action on the matter, one does not see much consistency in Andreotti's remark of the 1st October (by which time he was out of office) that the bill "must be given urgent attention because the future is not one for the unscrupulous, or for those content with approximate solutions, but only for the countries which have rapidly and in a rational manner, laid the foundations of their production and food policy".

However, in view of the fact that almost all the EEC countries were being equally slow, the Commission arranged for a postponement until the 31st December 1973 of the deadline for bringing the legislation into effect. Yet again, though, Italy got to that date without having honoured an EEC commitment.

The reasons for the long-drawn out and troubled passage of this legislation are to be found, amongst other things, in the lack of agreement within the government forces and within the agricultural organizations, on the role to be assigned to the regions. When introducing the bill in parliament, Natali declared that the opinion and the requirements of the regions had been given due consideration, but was contradicted on this by the representatives of these local bodies and in particular by the regional president of Tuscany. Natali's successor, Ferrari Aggradi, insisted on the other hand in carrying on with the Andreotti line, and only at the request of the parliamentary commissions could the opinion of the regions be heard, first in the Agriculture Commission and then in a meeting of the Inter-Regional Commission for economic planning, under the aegis of the Budget Ministry.

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At this meeting, the regional representatives declared that the bill "removes some of the most important powers assigned to the regions by the Constitution; it claims for the state the entire legislative power and wide administrative powers, while it recognizes other administrative powers as being only delegated to the regions by the state". The regions therefore requested a modification similar to the one proposed by the parliamentary Constitutional Affairs Commission.

A move against the anti-regional bias of the bill also came from the Socialist Party in May. After it was understood, *via* informal channels, that the Commission did not intend to meet the request of the Socialists to examine and give an opinion also on parliamentary bills, the PSI sent a delegation to Brussels in May to express its point of view in favour of a greater EEC commitment to structural reform, and also to point out that the Italian Bill was detrimental to regional prerogatives in the agricultural field. However, the Commission nonetheless gave its assent, with certain comments, to the bill, since once it was established that the bill was in accordance with the EEC norms, the Commission had no further jurisdiction over the details of how it was put into effect in Italy.

The hill farming provisions, one of the corollaries of the structural

reforms, produced another opportunity for the usual heated debates which, having dragged on right through the year, were partly settled at the end of the year. The first resolution was reached at the end of the Council session on prices for 1973-74, Italy having insisted that the two sets of provisions should be discussed together. In any case, the deadline of the 1st October fixed for drawing up the EEC provisions could not be met and only at the end of November was any further progress made.

To end the discussion of the structural proceedings in Italy, we should like to mention two incidents which illustrate the lack of attention paid to these problems by the Italian authorities. The first concerns the famous citrus fruit programme for Sicily which, having been produced with much delay by the Ministry of Agriculture and the Region of Sicily, and approved by the EEC Commission, now lies untouched and unexecuted in some Ministry drawer. In fact, no legislative or administrative provisions have been made either by the central or regional bodies for carrying out this programme, and the 90,000 million lire set aside for this purpose do not even feature in the budget for 1974. As a result, the complaints continue about the failure to restructure agriculture and, therefore, also the protectionist defences against Mediterranean competition, while another 90,000 million allocated for use in this sector lie unused in the EAGGF coffers. The second example concerns the OECD report on agricultural policy and structures in Italy. This study of the situation and the objectives pursued in Italy was, as is customary in this international organization, the subject of a discussion during which various questions were addressed to the Italian representative. The Ministry of Agriculture official designated for this occasion, managed to read a prepared paper, but when questioned was unable to give any of the explanations required, drawing sarcastic comments from many of those present. All this would seem to demonstrate, on the one hand, the general tendency of the Italian administration to underestimate the importance of criticism and discussion at an international level and, on the other hand, the scant attention it pays to discussion of structural reform.

Market Organisation and Operation

The organisation and operation of the markets are the constant concern of the EEC bodies which must ensure a continual adjustment of the mechanisms to the new requirements which appear all the time, while controlling these mechanisms according to the previously-agreed rules.

As we wish to deal here only with a few of the many problems involved, we will select the ones which seem most significant and

follow them up into their national ramifications. The monetary question, with all its multiplicity of consequences, dominates the scene. Having already dealt with the sugar question, we will concentrate on the problems of sectors such as meat and olive oil, which aroused so much interest and debate. To end, we will once again take up the question of fraudulent practices.

After the stagnation of 1973, the monetary situation once more entered a crisis, obliging the Community to make enormous efforts to keep the common price system and free trade going. The upward float of the mark, the guilder and the other "strong" currencies, and the downward trend of the English and Irish pound, and of the lira, made it extremely difficult to operate the system of compensatory amounts. Things were a bit easier after the agreement on the EEC "snake", which made calculations on a more systematic and less variable basis possible, but the absence of Britain, Ireland and Italy continued to cause considerable complications. The atmosphere of instability was responsible for the failure of an attempt during the negotiations on prices for 1973-74 to arrange, or at least facilitate, a return to a real single-market system.

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In Italy, the monetary situation and the fluctuation of the lira gave rise to certain incidents which cast doubts on the consistency of the action taken and the justification which the Italian authorities gave for this. Moreover, they show up the inextricable muddle in which the policy, or rather lack of policy, for agriculture has become entangled.

Once it had been decided to float the lire, the Agriculture Minister, Natali, went to Brussels to negotiate with his EEC colleagues the necessary changes in the operation of the CAP as it affected Italy. According to the mechanisms which had already been established, the most simple solution would have been immediately to raise all the domestic agricultural prices by the same percentage amount as the devaluation of the lira, in order to keep its relation to the unity of account unaltered. This, however, was undesirable from the point of view of the increase in the cost of living involved, and, therefore, of the result which the fluctuation was supposed to produce; that is, to increase the competitive power of the lira, restraining for as long as possible the normal internal readjustment of prices to the world level. For this reason, Natali successfully requested that the Italian agricultural prices should stay nominally unchanged, but in fact actually be lowered. The payments measures were then applied in order to facilitate imports from other EEC countries to Italy and to avoid upsetting the balance of trade with a bias in favour of Italian products, cheaper now if exported to other EEC countries. It was agreed that no compensatory payments would be applicable to fruit and vegetables or wine (except wines exported to France), since their production is

limited, or almost non-existent, in many of the member countries and therefore, there is no question of unfair competition.

Furthermore, since the compensatory amounts may not be greater than the border taxes, they did not exceed 8% for beef (subject at that time to reduced duties) and were zero for veal (no duties). Once these decisions were taken, the Minister tried to reassure producers and consumers by maintaining that, after all, thanks to the concessions, agriculture — at least in some sectors — had even perhaps gained by the agreement.

It was not long before the Coldiretti and the Confagricoltura expressed their disappointment, despite their generally favourable attitude to the Andreotti government. For example, on the 13th March the representatives of the Confagricoltura were already making an official delegation to the Ministry, claiming "the necessity that these compensatory duties decided by the EEC should respect their original purpose of compensating for the higher cost of imports from countries which have revalued their currencies, without, however, creating unfair advantage, at the risk of causing the collapse of our national market which is already heavily in the red". Moreover, at the end of May, Masciardi (PSI) affirmed in Parliament that "at a distance of 90 days from the decision taken by the EEC Council to allot a reduction of the border duties on Italian imports of food products (beef, pork, poultry) in order to compensate, as a result of the monetary situation, for the diminished spending power of the lira on foreign markets, no steps have been taken to apply the measure, with the result that Italian food imports are not even today benefiting from this reduction".

Under the Rumor government the domestic prices situation has become even more rigid. The price freeze which it imposed applies, in the case of meat, to the producers also. The beef farmer cannot expect higher prices than those of July when, as Ferrari Aggradi himself was later to say, for seasonal reasons, these prices are very low. Despite the freeze, the wheat question took an explosive turn, but in particular the livestock and dairy farming sectors have shown strong signs of giving way. High consumer prices, low prices for producers, and a marked increase in imports from countries within or without the EEC, are all characteristic of the situation.

The problem clearly has a structural origin. The price of milk on the Italian market, for example, is 40% higher than the German price and this is the reason why, from 1970 to 1972, imports from Germany rose from 30,000 to 200,000 tons. The Italian prices, furthermore, do not even cover the costs of the local dairy farmers, while they are very adequately remunerative for their European competitors. However, the Italian authorities do not wish to admit this state of affairs, and the Minister of Agriculture has once again considered it sufficient to patch things up with nothing more than a little manipulation of prices

— by raising them.

The way in which it was done, however, caused much perplexity and certainly did not improve the "international" image of our country.

In September Ferrari Aggradi circulated the idea of devaluing the "green lira" which, by putting up the Italian guaranteed price, would reduce the subsidy of the compensatory payments. The opposition this met with in various quarters, with the monetary authorities first in line, showed up a split in the government over this issue and induced the Minister to fall back on a strategy of circumvention. This went into action after a farmers' demonstration against him and a letter from representatives of the Coldiretti, an organization of which he himself is a member.

At the EEC Council meeting of the 24th September, and again at a subsequent meeting of the parliamentary Agriculture Commission, the Minister launched an attack against the EEC regulations in these terms: "even if this is due to extraordinary circumstances, the Community mechanism operates where Italy is concerned, in an irregular and even a negative way, profoundly affecting the production sectors" — thus forgetting that this system had been demanded precisely by Italy and in particular by a party colleague of his. After the Council meeting, he had an interview with Lardinois, to whom he said, "I wished to explain clearly the causes which have thrown Italian agriculture into a state of crisis, and the reasons which are at the bottom of our anxieties and concerns", and allowed it to be understood that he had asked for an increase in Italian prices. However, the EEC agricultural authority, who was at once asked for his opinion on the proposed increase, asked with great surprise, "What proposal? This is the first I have heard of it". Shortly afterwards, the Minister did not reconfirm his request, but three hours later, the Italian permanent representative to the Council issued an official request to the Italian Prime Minister to increase domestic prices by 9%. But "the request of the Italian government is extremely confused and makes it impossible to draw up provisions which would solve the more immediate problems of Italian agriculture", said the Commission, requesting further elucidations (particularly because in March it had proposed a special 10% increase for Italy, and had met with strong opposition from Italy herself, who did not want to accept more than 1%). The Italian government replied that it could not "explain or go into details" for a few days about what "urgent measures" it would like to see taken, despite Ferrari Aggradi's previous affirmation that (we) "know exactly what we want". In fact, at that point the Ministers of Finance and La Malfa (who up till then had been kept in the dark) intervened and threatened to resign.

The incident was over at the end of October when, once the Ferrari-Aggradi-Rumor proposals had been accepted, the dissenting

parties allowed the operation to go through. The Commission then gave its support to the Italian request, seeing in it a way of bringing the lira more in line with the "snake", and the Council decreed an immediate general price increase of 4% and another of 3.5% to take effect at the beginning of every agricultural year.

The comment made by the president of the Lombardy farmers' union (Lombardy is the biggest milk-producing area in Italy) was to the effect that ensuring "the minimum of the measures which have been called for cannot solve the problem, on the contrary, it looks like an unacceptable bromide". For milk, in particular, "a revaluation of the unit of account ... will reduce the 30 lire per litre compensation to German farmers by 3.5 lire. But any advantage to us is automatically cancelled out by the further devaluation of our currency in the last few weeks. The Minister of Agriculture must go to greater lengths here ... Our milk must fetch 150 lire a litre".

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This goes to show that the prices manoeuvre can work only if prices are pushed up to inordinate and insupportable heights.

Problems in Certain Sectors of Production

The crisis in Italian agriculture is a general one, but where it seems to touch bottom is precisely in the livestock and dairy farming sectors. In the case of the former, the production deficit is so great that self-sufficiency has dropped from 60% in 1970 to 40% in 1973, with outgoings that exceed 1,500 thousand million lire a year (feed costs excluded). For dairy farming, costs are so high that for some years past there has been an increasing tendency to close down dairy farms, while imports have rocketed to reach 50% of the total consumption. From Germany, especially, they have increased by more than five-fold in three years.

One fact apart from the analyses which tend to lay the blame for everything on the compensatory payments system, is clearly significant: a return of 85 lire per litre is sufficient in Germany to cover the cost of production, while a return of 89 lire a litre is considered completely inadequate in Italy, where in certain quarters — as we have seen — a guaranteed price of 150 lire is being called for. To this fact should be added the general disarray of the marketing system: whereas between September 1972 and September 1973 the producer prices quoted for "grana padano" (a type of parmesan cheese) fell from 1,840 to 1,575 lire per kilo, for butter from 1,180 to 1,070, for "taleggio" cheese from 930 to 830 lire, for veal from 1,075 to 1,015, for beef (young animals) from 720 to 670, and for dairy beef from 530 to 465 lire, the consumer prices, if they were stabilized from time to time, in general continued to spiral dizzily upwards.

At the EEC level, too, the situation is not altogether rosy, but while if there is an overall deficit for meat and "protein" foods in general — which however does not prevent there being surpluses for export in certain countries (France, Holland, Ireland) — where dairy products are concerned, and especially butter, the surpluses are enormous. Various measures were mulled over and carried out in order to control this situation. To reduce the butter surpluses, apart from the measures already mentioned, a special sale of 200,000 tons was arranged with the Soviet Union. Much controversy followed the announcement of the price agreed on, namely 350 u.c. per ton, as against the 1,780-1,860 paid by the EAGGF in order to take it off the market. However, neither lowering the guaranteed price, nor special cut-price butter sales on this and other occasions, improved the situation and the mountainous stockpiles continued to grow. In the meantime, it was decided to give direct aid to livestock producers to encourage them to switch to meat production and withhold their milk from the market. The Italian deficit situation and the controversies of the past few years over the way measures for the control of excess milk production were applied without due consideration of the prevailing conditions, explains why this scheme is not applicable in Italy or Corsica. These areas will benefit instead from subsidies designed as incentives for increasing the beefstock herds, known as "development" premiums (240 u.c. for each cow or heifer in calf) and "guidance" premiums (based on the number of hectares farmed, and decreasing progressively over three years).

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The EEC market for meat has had various ups and downs during the year, but in September a Commission report showed that there has been an increase in the EEC's self-sufficiency, with the exception of Italy. For this reason, at the end of the year, following a downward trend in prices in some EEC countries, border duties and levies on imports from third countries — having been non-existent since 1972 — were once again reintroduced.

Here, however, considerable changes have been taking place for some time past. World demand, unlike production, is growing strongly. As a result, the exporter countries, which were previously subject to the conditions imposed by the market, now tend to take the initiative, and not only are asking higher prices but also prefer to sell ready-processed meat (frozen or tinned) rather than livestock or animals for fattening. This applies both to the countries of Eastern Europe and of Latin America, traditional suppliers for Italy.

In Italy the prevailing trend in livestock farming and dairy farming made the controversy over these problems even sharper and the warning signals even louder. To the projects for increasing meat production whose existence, but not content, had been announced in 1972, were added various other projects and action. Among these were the much-publicized state and private investments in Eastern Europe,

Africa and Latin America (IRI, GI e GI, etc.), or again, the low-interest loans on special terms offered by the "Cassa di risparmio delle provincie lombarde" (Lombardy savings bank) for farmers in Lombardy; loans for which, according to the hon. Frau (Christian Democrat) it was necessary "to offer guarantees, which only landowners can give, and therefore tenant farmers who actually run the farms are once more left out in the cold". This meant that "the loans will serve to finance large-scale stock farming and the industrialists who are turning their attention more and more to agriculture". A certain amount of hope was generated by the repeated promises of the Minister, Ferrari Aggradi, who, referring to the government's pledge to produce a special programme for livestock farming, told the Christian Democrat conference on agriculture, held in Rome in October, and wrote on several occasions subsequently, "(we) must pass from declarations of intent to concrete action; the proposed measures must be translated into a series of actions in order to deal with such problems as credit, structures, rehabilitation, animal fodder, what type of farming should be promoted, forms of farmers' associations, product promotion and marketing". Once again, matters went no further than this.

There were troubled waters in the olive oil sector, which was the subject of a lively, closely-followed battle with the Commission.

After reprimanding Italy for her largesse in handing out subsidies to oil producers, with the result that the quantity of oil for which EEC subsidies were allowed was far greater than the amount actually produced, Brussels proposed a severe cut in these subsidies of about 8,000 lire a quintal. There was a widespread, and very indignant, reaction to this in Italy, since producers would suffer a total loss of income estimated at between 60,000 and 100,000 million lire. The Senate, with a motion which received support ranging from Communists to Christian Democrats, pledged the government not to submit, while shortly beforehand the Italian and French Communists managed to ensure that the European Parliament did not give an opinion on the subject, thus embarrassing the Commission, which had to postpone the beginning of the new agricultural year by a month.

Meanwhile, after several inconclusive Council meetings, an agreement was reached whereby the subsidy was reduced by only 700 lire per quintal, but at the same time Italy promised to adopt a more thorough and efficient administrative approach, and to draw up a national register of olive trees. There was also acceptance of Italy's proposal to build up a market regulatory stock of 75,000 tons of oil, to be administered by the AIMA (National Board for Agricultural Intervention), which would be responsible for collecting the oil and immediately paying the market reference price and the EEC subsidy.

The Italian authorities therefore proved themselves to be very determined in their defence of oil subsidies for the producers, who

nevertheless continued to complain about the dilatoriness with which they were paid (14 months on the average); this delay meant a loss in bank interest of 20,000 million lire *per annum*. In conclusion, there is an incongruity in the attitude of the Communists to this issue; for while they maintain and firmly uphold the principle that "the situation must be changed at the Community level, by substituting the prices policy with a structural policy; this is proved by the fact that all the subsidies for durum wheat and olive oil have not brought about any alteration in these two sectors"³, yet nonetheless they took sides with the government on this occasion.

Fraudulent Practice

Together with the complicated regulations and procedures of the EEC market, there has always been a wide range of possibilities for speculation and fraudulent practices. Speculation, also frequently brought to the attention of the European Parliament, has increased as a result of the compensatory payments mechanism. Fraudulent practices are equally varied, ranging from the use for human consumption (in the form of cheese and "fresh" milk) of powdered milk designed for feeding calves, to the faked description and contents of exported Italian wines. For this reason, the European Parliament, using its enlarged powers deriving from a new control over the Community finances, decided to set up its own board of control alongside that of the Commission, while announcing to this body that it did not wish to see any more failure on the part of the executive to carry out its surveillance functions. The fact that the problems in question are complicated is evident, for instance, from the reply given to the Parliamentary member Vredeling. He had apparently received information that certain French wholesalers had obtained EAGGF rebates for butter by declaring that it was to be exported to countries outside the EEC, but subsequently the same butter reappeared in southern Italy, which meant a complete loss for the EAGGF of 4.3 million French francs. Furthermore in Italy there is apparently a monopoly of beef imports in the hands of five "clans" who have allegedly made a profit of about 14 million French francs, and that at the border between Italy and Austria the cattle imported are cruelly maltreated. To all this, the Commission replied that it would call for explanations from the Italian authorities. However, in the first instance, checks must be made by the member states receiving the goods through customs, who must themselves proceed at the administrative or penal level against any possible infringements. In the second instance, the Commission could intervene

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³ Interview with the hon. Esposto in the "Globo", 12th September 1973.

on the basis of the relevant regulations on competition. From the annual report for 1974 on the EAGGF it can be seen that the irregularities reported in 1971 and 1972 in the Guarantee section amounted to 42 cases for a total of 10.5 million u.c., and in the Guidance section, 84 cases for a total of 231,000 u.c. These figures however refer only to France, Germany and Holland. Italy and Belgium, in fact, after the Commission had begun proceedings against them for not having submitted their annual report on infringements, declared that they had nothing to report.

Administrative Problems and Debates

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To conclude, we shall take a few typical Italian administrative problems, in order to give an idea of the extent of the bottlenecks at this level.

The administrative capacity and the correct application of Community regulations have always been among the weaker points of Italy's participation in the EEC and one of the reasons which have caused doubts to be thrown on the reality of its "Community spirit", when this was frequently proclaimed as a cornerstone of Italian foreign policy. The utilization of funds supplied by the EAGGF and the controversy with the EEC authorities are the main signs of these malfunctions, punctually reported or reappearing once more also in 1973.

It must be said that these shortcomings are not always solely on the Italian side. It took the EEC up till April of last year to produce a general financial picture of EAGGF activities from its beginnings in 1962 up to and including 1970. This appeared within a financial report relating to 1971, for which year moreover the final figures were not yet available at that date. In the same year, besides, the contributions decided on by the Guidance section (which deals with structural improvement) were relative to the year before. This fact came under fire also in the European Parliament, which did not consider satisfactory the Commission's excuse that it did not have sufficient staff to deal quickly enough with all the requests.

The Commission's calculations officially confirmed what has often been written of the CAP: the system has favoured two countries, which have made a net gain, while all the others are net losers. France and Holland, with respectively about 570 and 250 thousand million lire, are the two EEC partners on the credit side; at the other end of the scale we find Germany with a deficit of over 500 thousand million, Italy with 225, Belgium with about 94 and Luxembourg with 5. One could almost say that Germany has financed French agriculture and Italy has done the same for Holland, the remaining countries having contributed smaller sums. Finally, according to the latest data issued

by the Commission, a year of agriculture policy costs the EAGGF almost 2.5 thousand million u.c. for the Guarantee section (1972 figure) and barely 200 million u.c. for the Guidance section (1971 figure).

If the average time-lag for the Commission's allocation of funds for structural improvement is of about one year, in Italy this period tends to stretch out to over three years. In August 1973 the House of Representatives was asked to approve a bill allocating funds for "interventions in the fruit and vegetable sector", relating to the sums assigned to Italy for the period covering the second half of 1968 and the whole of 1969. Given this state of affairs, a Senator of the government majority, Scardaccione, felt obliged to say that he "found it inexplicable that the funds in question, allocated a considerable time ago, have not yet been made available after three years" and deplored "the shortcomings of the ministerial bureaucracy and the facility with which it allows enormous sums to pile up unused". Another member of the government majority, Senator Rossi Doria, moreover maintained, and found support for his contention among the left-wing opposition, that the absence of definite procedures for the allocation of funds leads to "criteria of favouritism" in practice. During another debate of the Senate agriculture Commission in November, the Government admitted that "over an eight-year period, out of a total of 462 thousand million lire available, about 156 thousand million were assigned to Italy, relative to 1,194 projects, but that "for completed projects requests for payment have been made to the Community bodies for almost 30 thousand million in all; other projects for a total of almost 40 thousand million are still under way".

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This confirms yet once more the fact that, if the structures policy is practically non-existent, the little that is actually done, and of which Italy is theoretically the main beneficiary (34% of the allocations in 1971, for instance, as against 28.5% for Germany, or 22.5% for France), is nullified by the administrative malpractices of the Italian government.